EXPLANATION OF PROPOSALS

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A. Debt Collection: Extension of Program for IRS Collection of Nontax Debts Owed to Federal Agencies

Present Law

Federal agencies are authorized to inform the IRS that a person (who has received proper notification from the agency) owes a past due, legally enforceable debt to the agency. The IRS then must reduce the amount of any tax refund due the person by the amount of the debt and pay that amount to the agency. The refund offset applies to individuals and corporations. This program is scheduled to expire after June 30, 1988.[1]

Description of Proposal

The Federal debt collection program could be extended for one year.

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[1] In the Omnibus Budget Reconciliation Act of 1987, the debt collection program was extended for six months from December 31, 1987, to June 30, 1988, expanded to apply to refunds due corporations, and expanded to cover all Federal agencies.

B. Taxpayer Bill of Rights

Overview

The following is a description of the provisions of the Taxpayer Bill of Rights as approved by the Senate Finance Committee in October 1987 as part of its reconciliation submissions to the Senate Budget Committee.[2] These provisions were ultimately not included in the budget reconciliation bill considered by the Senate and enacted into law. Section citations refer to the sections of the budget reconciliation bill (S. 1920) as initially reported by the Senate Budget Committee.

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[2] The only exception to this is that the description of the provision relating to the IRS Inspector General is a summary of the IRS Inspector General provision of S. 908, The Inspector General Act Amendments of 1988. Senator Pryor intends that the IRS Inspector General provision of S. 908 be substituted for the Inspector General provision in the Taxpayer Bill of Rights.

Sec. 4732. Disclosure of rights and obligations of taxpayers

Present Law

The Internal Revenue Service (IRS) provides information to taxpayers in various notices and publications. There is no statutory requirement that the IRS provide a comprehensive written explanation of the rights and obligations of the taxpayer and the IRS during the tax dispute resolution process.

Description of Proposal

The IRS would be required, when it first contacts a taxpayer concerning the determination or collection of any tax, to provide a "brief but comprehensive" written explanation of rights and obligations of the taxpayer and the IRS during the audit, appeals, refund, and collection processes.

Sec. 4733. Procedures involving taxpayer interviews

Present Law

Reasonable time and place.--The Code provides that the IRS shall select a reasonable time and place for an examination of a taxpayer. No regulations have been promulgated elaborating on this provision.

Recordings.--No statutory provision governs audio recordings of IRS interviews, although the IRS generally permits a taxpayer to make an audio recording of an interview if prior notice to the IRS is given.

IRS explanation.--The IRS has a general practice of providing written explanatory materials to taxpayers in advance of the initial audit interview.

Taxpayer representatives.--If a power of attorney has been executed properly in favor of a person eligible to practice before the IRS, the IRS permits the person to represent the taxpayer during all stages of the administrative process.

Description of Proposal

Reasonable time and place.--The IRS would be required to publish regulations within one year of enactment enumerating standards for determining whether the selection of a time and place for interviewing a taxpayer is reasonable.

Recordings.--The Code would be amended to allow a taxpayer to make an audio recording of an in-person interview at the taxpayer's own expense. IRS employees also would be authorized to record taxpayer interviews, provided the taxpayer receives prior notice of such recording and is supplied a transcript upon request and payment of the costs of transcription.

IRS explanation.--Prior to initial taxpayer interviews, IRS employees would be required to explain to taxpayers the audit process and taxpayers' rights under that process.

Taxpayer representatives.--The Code would be amended to provide that a taxpayer may be represented during a taxpayer interview by any attorney, public accountant, enrolled agent, or enrolled actuary who is not disbarred from practice before the IRS and has a properly executed power of attorney from the taxpayer. If a taxpayer indicates during an interview with the IRS that he wishes to consult with that representative, the interview would have to be discontinued. Absent an administrative summons, a taxpayer could not be required to accompany his representative to an interview.

The procedures involving taxpayer interviews would apply to interviews conducted on or after 30 days after enactment.

Sec. 4734. Abatement of penalties and interest

Present Law

The IRS may abate administratively some penalties in a variety of circumstances. The IRS may also abate interest attributable to IRS error or delay.

Description of Proposal

The IRS would be provided with authority to abate any part of the penalties and interest imposed with respect to a deficiency that is attributable to erroneous written advice furnished by the IRS to a taxpayer, where such advice was specifically requested by the taxpayer and reasonably relied upon, unless the taxpayer failed to provide accurate information when requesting the advice.

Sec. 4735. Taxpayer assistance orders

Present Law

The Taxpayer Ombudsman administers the IRS Problem Resolution Program, which is designed to resolve a wide range of tax administration problems that are not remedied through normal operating procedures or administrative channels. The Ombudsman cannot resolve disputes involving substantive

issues of the tax law.

Description of Proposal

The Taxpayer Ombudsman would be provided statutory authority to issue a taxpayer assistance order, if, in the determination of the Ombudsman, the taxpayer is suffering or about to suffer irreparable loss and the IRS has failed to carry out its duties under the law. The taxpayer assistance order could require remedial actions, such as release from levy of property of the taxpayer, and would be binding on the IRS unless reversed by a district director or his superiors.

Sec. 4736. IRS Inspector General

Present Law

The Treasury Department has a nonstatutory Inspector General with internal audit and investigative responsibilities for the Department, except for its four law enforcement agencies: IRS, Secret Service, Customs Service, and the Bureau of Alcohol, Tobacco, and Firearms. These functions are performed at the IRS by the Inspection Division, which reports directly to the IRS Commissioner.

Description of Proposal

A statutory Inspector General would be established within the IRS. It would be separate from a statutory Inspector General to be established within the Treasury Department, which would have general oversight responsibility over all other agencies within the Treasury Department. The IRS Inspector General would be appointed by the President from a small pool of senior career personnel at the IRS with demonstrated ability in investigative techniques or internal audit functions. The Inspector General office for the IRS would incorporate the existing IRS Inspection Division. The IRS Inspector General would not have the power to change taxpayer liability determinations, and would be under the direction and control of the IRS Commissioner with respect to matters requiring access to certain sensitive information, such as ongoing criminal investigations and deliberations on policy matters. If the Commissioner exercises the authority to prohibit an audit or investigation in order to prevent disclosure of sensitive information, the Commissioner would be required to notify appropriate committees of Congress. (This description is a summary of the IRS Inspector General provision of S. 908, The Inspector General Act Amendments of 1988, which was passed by the Senate on February 2, 1988. Senator Pryor intends that this provision of S. 908 be considered, rather than the Inspector General provision of the Taxpayer Bill of Rights.)

Sec. 4737. Basis for evaluation of IRS employees

Present Law

The IRS Manual prohibits the use of production quotas or goals based upon sums collected to evaluate IRS enforcement officers, appeals officers, and reviewers.

Description of Proposal

The IRS would be statutorily prohibited from using records of tax enforcement results to evaluate enforcement officers, appeals officers, and reviewers or to impose or suggest production quotas or goals. Each district director must certify each month that this prohibition is being observed.

Sec. 4738. Application of the Regulatory Flexibility Act to the IRS

Present Law

The Regulatory Flexibility Act requires Federal agencies, including the IRS, to publish an analysis of the impact of proposed and final rules on small businesses or other small entities. These analyses are reviewed by the Small Business Administration. In addition, these analyses (as well as the regulations themselves) are reviewed by the Office of Management and Budget pursuant to an Executive Order. The requirement to publish an analysis of the impact of rules on small businesses does not, however, apply to interpretative regulations, which exempts most IRS regulations.

Description of Proposal

The Secretary of the Treasury must certify that each IRS regulation is substantially the only alternative under the tax law for the regulation to be considered interpretative under the Regulatory Flexibility Act. Thus, the Secretary must certify that no significant interpretation of the statute is possible except for the interpretation in the regulation. If the Secretary is unable to certify this, the regulation must include an analysis of its impact on small businesses and is subject to review by the Office of Management and Budget and the Small Business Administration.

Sec. 4739. Preliminary letter of deficiency

Present Law

A statutory notice of deficiency must be sent to a taxpayer by certified or registered mail before the IRS can

collect tax. The Code does not require that a preliminary notice of potential deficiency be sent, although IRS general practice is to provide four of these notices to taxpayers.

Description of Proposal

The IRS would be required to send to a taxpayer by certified or registered mail a preliminary letter of deficiency if it determined that there is a potential deficiency. The preliminary letter would be required to be sent at least 30 days prior to sending a statutory notice of deficiency, except when the statute of limitations would expire within 90 days or when the taxpayer waives a right to such letter.

Secs. 4740-4741. Explanation of IRS assessments

Present Law

The Code does not specify the content of the statutory notice of deficiency. The IRS generally explains the basis of a tax deficiency in the notice, but generally does not explain the calculation of interest owed. Moreover, there is no requirement in IRS regulations that the IRS explain the basis for assessing penalties.

Description of Proposal

The IRS would be required to describe in any notice of deficiency or tax due the basis for an asserted deficiency and to identify the portion of the amount due that constitutes interest, additions to tax, and penalties. The proposal would apply to mailings made after 180 days after enactment. In addition, the IRS would be directed to issue regulations within 90 days after enactment requiring IRS employees to explain and support assessments of penalties.

Sec. 4742. Installment payment of tax liability

Present Law

The IRS is not required to enter into installment payment agreements with taxpayers, but generally does so if a taxpayer who is unable to pay the delinquency in full is able to make payments on the delinquent taxes and pay current taxes as they become due. A change in the taxpayer's financial condition may result in modification of the installment payment agreement.

Description of Proposal

The IRS would be granted statutory authority to enter into a written installment payment agreement if it determines that such agreement will facilitate collection of tax. The

agreement would be binding on the IRS and the taxpayer unless the taxpayer (1) provided inaccurate information, (2) undergoes a significant change in financial condition, (3) fails to pay an installment when due, or (4) fails to pay any other tax liability when due.

Sec. 4743. Levy and distraint

Present Law

Notice.--At least 10 days before collecting a tax by levy (i.e., seizure of the taxpayer's property) the IRS must provide the taxpayer written notice of its intent to levy. If the IRS finds that collection of tax is in jeopardy, it may collect the tax by levy without providing this notice or waiting 10 days.

Property subject to levy.--Property subject to levy includes any property (or rights to property being held by others) belonging to the taxpayer, except property specifically excluded from levy by law, which includes (1) fuel, provisions, furniture, and personal household effects, not exceeding $1,500 in aggregate value; and (2) books and tools necessary for the trade, business, or profession of the taxpayer, not exceeding $1,000 in aggregate value.

Levy on wages.--The IRS may instruct the taxpayer's employer to pay to the IRS amounts payable to the taxpayer as wages, except (1) so much of the wages of the taxpayer as is necessary to comply with a prior judgment of a court of competent jurisdiction for support of any minor children of the taxpayer, and (2) a minimum amount of wages or other income (in general, $75 per week plus $25 per week for each dependent).

Release of levy.--The IRS has authority to release a levy if it determines that this will facilitate the collection of tax.

Description of Proposal

Notice.--The required period between the IRS providing written notice to a taxpayer and the collection of tax by levy would be extended to 30 days. As under present law, the notice and waiting period requirements would not apply if the IRS finds that collection of the tax is in jeopardy. The notice preceding levy would be required to contain a description of Code provisions and administrative procedures applicable to specific aspects of collection, and a description of all alternatives available to the taxpayer which could prevent levy on the taxpayer's property. The proposal would apply to levies made on or after enactment.

Property subject to levy.--The types of property exempt from levy would be expanded to include: (1) fuel, provisions, furniture, and personal household effects, not exceeding $10,000 in aggregate value; (2) books, tools, machinery, or equipment of taxpayers (other than C corporations) if necessary trade or business property, not exceeding $10,000 in aggregate value; (3) a taxpayer's principal residence, a motor vehicle used as a primary means of transportation to work, and necessary tangible personal property used in the taxpayer's trade or business, unless an IRS district director or assistant director personally approves levy in writing, or if collection of the tax is found to be in jeopardy; and (4) property with respect to which the estimated expenses of levy and sale exceed the fair market value of the property or the tax liability. In addition, banks and other financial institutions would be required to hold accounts garnished by the IRS for 21 days after receiving the IRS notice of levy, in order to provide taxpayers an opportunity to notify the IRS of errors with respect to garnished accounts.

Levy on wages.--The amount of wages exempt from levy for each week would be equal to the taxpayer's standard deduction and personal exemptions allowable for the taxable year in which the levy occurs, divided by 52. In addition, a levy on wages would continue only until (1) the liability is satisfied or becomes unenforceable by reason of lapse of time, (2) an installment payment agreement is executed, or (3) the IRS determines that the liability is unenforceable due to the taxpayer's financial condition.

Release of levy.--The IRS would be required to release a levy on property if (1) the liability is satisfied, (2) release will facilitate the collection of the liability, (3) an installment payment agreement has been executed, (4) the expenses of levy and sale exceed the liability, or (5) the value of the property exceeds the liability and partial release would not hinder collection.

Sec. 4744. Review of jeopardy levy and assessment procedures

Present Law

Assessment of a tax (i.e., recording of the tax liability in the office of the District Director) is the final act by the IRS that establishes the liability of a taxpayer for a tax. After assessment, the IRS will attempt to collect the tax. The Code authorizes the IRS to make a jeopardy assessment (i.e., to immediately assess and demand payment of a tax and any penalties and interest) where collection would be endangered if regular procedures are followed. Furthermore, if the IRS determines that collection of tax would be jeopardized by waiting the regular 10-day

period after notice and demand for payment have been provided to the taxpayer, the IRS can collect the tax by jeopardy levy (i.e., immediately seize certain of the taxpayer's property). The Code provides special rules relating to administrative review and judicial review (by Federal district courts) of jeopardy assessments. These rules do not apply to jeopardy levies.

Description of Proposal

The existing rules relating to the review of jeopardy assessments would be extended to the review of jeopardy levies. The Tax Court would be provided exclusive jurisdiction with respect to challenges to a jeopardy assessment or jeopardy levy if the taxpayer is already before the Tax Court with respect to any deficiency covered by the jeopardy assessment notice. In all other cases, the appropriate district court would have exclusive jurisdiction over such an action.

Sec. 4745. Administrative appeal of liens

Present Law

A taxpayer can obtain a review within the IRS of an initial determination of tax deficiency before the matter proceeds to collection, but the Code does not provide specific procedures for the administrative appeal of IRS decisions concerning the collection of a tax liability.

Description of Proposal

The IRS would be required to promulgate regulations within 180 days after enactment that provide an administrative procedure enabling any taxpayer to appeal the imposition of a lien.

Sec. 4746. Jurisdiction to restrain certain premature assessments

Present Law

Jurisdiction to restrain IRS assessment and collection of tax rests solely with the Federal district courts. Consequently, even though as a general rule no assessment or collection of tax may be made until the decision of the Tax Court has become final, a taxpayer with a case before the Tax Court who is faced with a premature IRS assessment is forced to challenge that assessment in Federal district court.

Description of Proposal

The Tax Court would be provided exclusive jurisdiction to restrain the assessment and collection of any tax by the

IRS that is the subject to a timely filed petition that was pending before the Tax Court prior to the assessment and collection being challenged. If a premature assessment is made prior to the taxpayer's filing of a petition with the Tax Court, the appropriate Federal district court would continue to have jurisdiction over any challenge to the assessment.

Sec. 4747. Jurisdiction to enforce overpayment determinations

Present Law

The Tax Court has jurisdiction to determine that a taxpayer is due a refund of a tax for which the IRS has asserted a deficiency. However, if the IRS fails to refund an overpayment determined by the Tax Court, the taxpayer must seek relief in another court.

Description of Proposal

The Tax Court would be granted jurisdiction to order the refund of an overpayment plus interest if, within 120 days after a Tax Court decision has become final, the IRS fails to refund to a taxpayer an overpayment determined by the Tax Court. If the IRS fails to establish that its delay was substantially justified, then the taxpayer would be entitled to interest on the overpayment at 120 percent of the statutory interest rate and to reasonable litigation costs.

Sec. 4748. Jurisdiction to review certain sales of seized property

Present Law

If a taxpayer fails to pay a tax on notice and demand after the IRS makes a jeopardy assessment, a lien arises in favor of the United States upon property belonging to the taxpayer and the IRS can immediately seize the taxpayer's property. Pending issuance of a notice of deficiency, and, if the taxpayer challenges the assessment in either the Tax Court or Federal district court, pending the decision of such court, the IRS cannot sell property seized pursuant to a jeopardy assessment, unless (1) the taxpayer consents to the sale, (2) the IRS determines that the expenses of conservation and maintenance will greatly reduce the net proceeds, or (3) the property is liable to perish or become greatly reduced in value by keeping, or cannot be kept without great expense. If the taxpayer wishes to contest an IRS determination to sell seized property, the only recourse is to bring suit in Federal district court.

Description of Proposal

The Tax Court would be granted jurisdiction during the pendency of proceedings before it to review the IRS' determination to sell seized property under one of the present-law exceptions to the stay of sale.

Sec. 4749. Jurisdiction to redetermine interest on deficiencies

Present Law

Following a decision by the Tax Court, the IRS assesses the entire amount redetermined as the deficiency by the Tax Court and adds to the deficiency interest computed at the statutory rate. If the taxpayer disagrees with the IRS' interest computation, however, the Tax Court does not have jurisdiction to resolve that dispute.

Description of Proposal

If a dispute arises over the IRS' computation of the interest due on a deficiency, then within one year from the date the Tax Court decision became final the taxpayer could move to reopen the Tax Court proceeding for a determination of interest due. The taxpayer would be required first to pay the entire deficiency redetermined by the Tax Court and the interest determined by the IRS. The proposal would apply to assessments of deficiencies made after the date of enactment.

Sec. 4750. Refund jurisdiction for the Tax Court

Present Law

When a taxpayer receives notice from the IRS that it has determined a deficiency of tax, the taxpayer may, before paying the determined liability, petition the Tax Court for a redetermination of the deficiency within 90 days after the notice of deficiency was mailed. Alternatively, the taxpayer may pay the deficiency and file a claim for refund of the disputed amount with the IRS. If the IRS rejects the refund claim, or does not act within six months, then the taxpayer may bring an action for refund in Federal district court or the United States Claims Court, but not the Tax Court.

A taxpayer may also file with the IRS a claim for refund of an overpayment not attributable to a deficiency, and if the refund is rejected by the IRS, then the taxpayer may bring an action in Federal district court or the United States Claims Court seeking a refund of the asserted overpayment. The Tax Court has no jurisdiction to determine whether a taxpayer has made an overpayment except in the context of a deficiency proceeding.

Description of Proposal

The Tax Court would be granted jurisdiction over tax refund actions against the IRS, including both refund actions arising out of a taxpayer's payment of a deficiency asserted by the IRS and refund actions arising out of overpayments not attributable to a deficiency. The general prerequisites governing the commencement of tax refund actions would apply to refund actions filed in the Tax Court. A taxpayer would continue to have the option of filing a claim for refund in the appropriate Federal district court or the United States Claims Court.

Sec. 4751. Awarding of costs and certain fees in administrative and civil actions

Present Law

Reasonable costs.--A taxpayer who prevails in a tax case in any Federal court may be awarded reasonable litigation costs, including attorneys fees (generally limited to $75 per hour), expenses of expert witnesses, and court costs. Costs incurred during the IRS administrative process generally are not recoverable.

Burden of proof.--To be awarded reasonable litigation costs, the taxpayer must establish that the position of the United States in the case was not substantially justified and that the taxpayer substantially prevailed with respect to the amount in controversy or the most significant issue(s) in the case.

Position of United States.--In determining whether the position of the United States was substantially justified, the position of the United States begins with the position taken by the IRS district counsel. This generally does not include positions taken in the audit or appeals processes.

Administrative settlement of claims for litigation costs.--The Code does not provide explicit authority to the IRS to settle administratively claims for litigation costs.

Description of Proposal

Recoverable costs.--A taxpayer who prevails in a Federal tax proceeding could (if the burden of proof with respect to costs is satisfied) recover all reasonable costs incurred during administrative or judicial proceedings following the date of the preliminary letter of deficiency. This proposal would apply to proceedings commenced after enactment.

Burden of proof.--The burden of proof with respect to awards of costs would be shifted to the Government, so that if a taxpayer prevails in the proceeding, the Government would be required to establish that its position was substantially justified in order to prevent the taxpayer from recovering costs.

Position of United States.--In determining whether the position of the United States was substantially justified, the position of the United States begins with the position taken in the preliminary letter of deficiency.

Administrative settlement of claims for litigation costs.--The IRS would be provided with authority to settle claims for recovery of costs incurred in administrative and judicial proceedings.

Sec. 4752. Civil cause of action for damages due to Government's failure to release lien

Present Law

The Code does not grant taxpayers a right to bring an action for damages resulting from the government's wrongful failure to remove a lien on the taxpayer's property.

Description of Proposal

Taxpayers would have the right to sue the Government in district court if any Federal employee knowingly or negligently fails to release a lien on the taxpayer's property as required under the Code. Taxpayers could recover (1) reasonable litigation costs plus (2) the greater of actual damages or $100 per day for each day the failure continues after the taxpayer provides written notice to the IRS of the failure to release the lien.

Sec. 4753. Civil cause of action for damages due to unreasonable action by the IRS

Present Law

Taxpayers do not have a specific right to sue the Government for damages sustained due to unreasonable actions taken by an IRS employee.

Description of Proposal

Taxpayers would have the right to sue the Government in Federal district court for damages if an employee of the IRS carelessly, recklessly, or intentionally disregards any provision in the Code or regulations and the issue is ultimately resolved in favor of the taxpayer. The taxpayer

could recover litigation costs plus actual damages, unless the taxpayer was contributorily negligent. If the district court determines that the taxpayer's lawsuit was frivolous, the court may impose a penalty on the taxpayer of up to $10,000.

Sec. 4754. Criminal penalty for improper IRS investigations

Present Law

The Code does not explicitly prohibit investigations of a taxpayer or related compilations of records that are not relevant to the administration or enforcement of the internal revenue laws.

Description of Proposal

It would be unlawful for any Federal employee acting in connection with the revenue laws to knowingly authorize, require, or conduct any investigation of, or surveillance over, any taxpayer that is not connected with the administration or enforcement of the internal revenue laws. Maintenance of records containing information from such an investigation also would be prohibited. Violation of this prohibition would result in dismissal of the employee and, upon conviction, a fine up to $10,000, imprisonment for up to 5 years, or both. The court also could award damages against the employee in favor of the injured taxpayer.

Sec. 4755. Assistant Commissioner for Taxpayer Services

Present Law

There is currently within the IRS an Assistant Commissioner (Taxpayer Services and Returns Processing). This position is not provided by statute.

Description of Proposal

The proposal would establish statutorily an Assistant Commissioner for Taxpayer Services, who (jointly with the Taxpayer Ombudsman) must annually report to the Congress concerning the quality of taxpayer services provided by the IRS.

C. Collection and Exemption Procedures for Diesel Fuel Excise Tax

Present Law

Effective after March 31, 1988, the 15.1-cents-per-gallon excise tax on diesel fuel is imposed on the sale of the taxable fuel by a producer, defined to include wholesale distributors as well as actual producers of the fuel.

Exemptions from tax are provided for off-highway business uses, including inter alia, use on a farm for farming purposes, use as supplies for vessels and trains, and use in construction activities. Further exemptions are provided for use by State and local governments and by nonprofit educational organizations.

In general, exemptions from the tax are realized by means of refunds following tax-paid sales. These refunds may be accomplished either by credits against the exempt user's income tax (often realized by reductions in quarterly estimated tax payments), or in the case of users of significant amounts of fuel ($1,000 or more per quarter of fuel tax refund), by direct claims filed quarterly with the Internal Revenue Service.

A special rule authorizes the Treasury Department to adopt regulations permitting sales without payment of tax (on a case-by-case basis) when diesel fuel is sold directly by a wholesale distributor to (1) a person who will use the fuel as fuel for trains or as a chemical feedstock and (2) State and local governments for their exclusive use.

Before April 1, 1988, the diesel fuel tax is imposed at the retail level, with most exemptions being realized through tax-free sales.

Description of Proposal

(1)(a) The special rules currently applicable to State and local governments and railroads could be expanded to permit tax-free sales on the same basis to exempt users who are not required to make quarterly estimated income tax payments and who are not subject to income tax withholding.

(b) To curb the potential for increased tax evasion arising from expanding the number of persons qualifying for exempt sales, reporting procedures similar to the Form 1099 rules that apply under present law to interest income could be adopted.

(c) Special refund procedures could be included

allowing the additional persons allowed by the bill to buy diesel fuel without payment of tax to file for a one-time interest-bearing refund equal to the tax (other than tax for which a credit or refund previously could have been claimed) paid before those users qualified for direct tax-free sales.

(2) The rules governing eligibility for quarterly refunds to off-highway business users required to buy tax-paid could be liberalized to provide (a) that interest would be paid on such refunds from the date Treasury received the tax payments and (b) that the $1,000 tax requirement would be reduced to $750 and made cumulative for the first three calendar quarters of any year (rather than being determined with respect to each such quarter).

(3) The Treasury Department regulatory authority to permit tax-free sales to exempt users could be made mandatory. Treasury could be required to issue these regulations within 90 days after enactment of the bill.